

HOLLYWOOD AND HIGHLAND

From Concept to Realization: Issues, Challenges, Lessons Learned

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Intro

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RCLCO is a real estate advisory firm providing market intelligence, strategy, and implementation solutions to the industry since 1967

Consulting

- Development Strategy
- Market & Financial Feasibility
- Fiscal Impact
- Programming & Phasing

Implementation

- Developer Selection & Owner Representation
- Design & Entitlements Management
- Community and Political Outreach
- Project Management

RECENT PROJECTS

Seaport Marina, Long Beach, CA

600,000 sf retail and residential project on Long Beach waterfront

Waiawa Trade Center, Pearl City, HI

600,000 sf lifestyle retail center at Waiawa Ridge

1000 Connecticut, Washington, DC

360,000 sf trophy office property redevelopment in Washington, D.C.

Centene Plaza, St. Louis, MO

500,000 sf new corporate headquarters for Centene Corporation in Clayton CBD

Matakana Island, New Zealand

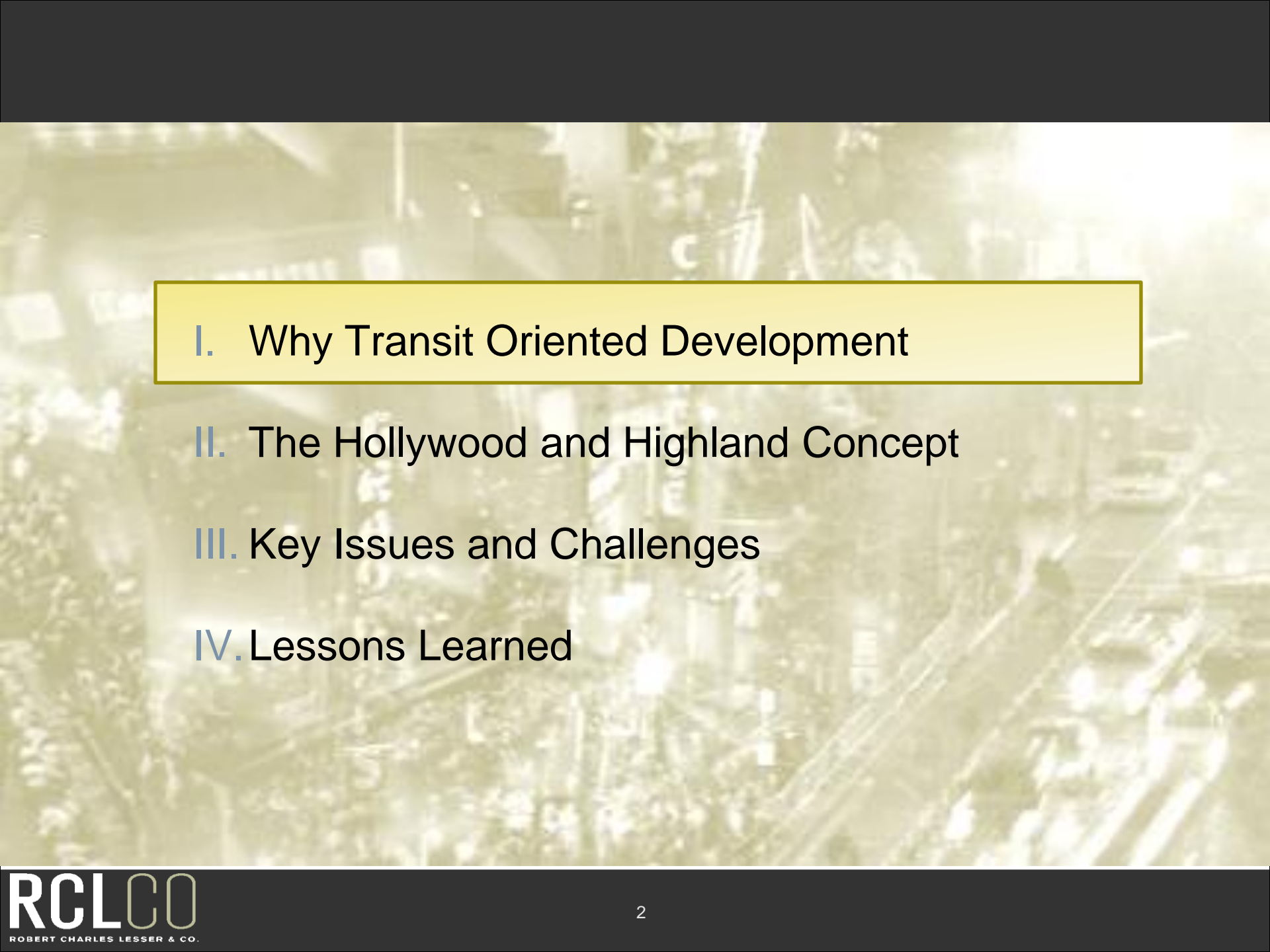
5,000 nature preserve community on barrier island off the coast of New Zealand's North Island

City Center, Las Vegas, NV

MGM Mirage's 6 million sf gaming hotel, retail, and residential complex on the Las Vegas Strip

Governors Island, New York, NY

172-acre historically preserved island off the southern tip of Manhattan



I. Why Transit Oriented Development

II. The Hollywood and Highland Concept

III. Key Issues and Challenges

IV. Lessons Learned

TOD

The Case for Transit Oriented Mixed-Use Redevelopment

- Demographic trends
- Evolving housing preferences
- Desire to live, work, shop and dine in one environment
- Fluctuating / increasing fuel costs
- Road congestion
- Preference to own only one or no car
- Smart growth policy / reduce sprawl
- Ability to reuse existing infrastructure
- Less resource dependence: water, stormwater, roads
- Prospect of higher property values

Property Values

New Transit Drives Investment, Increases Property Values

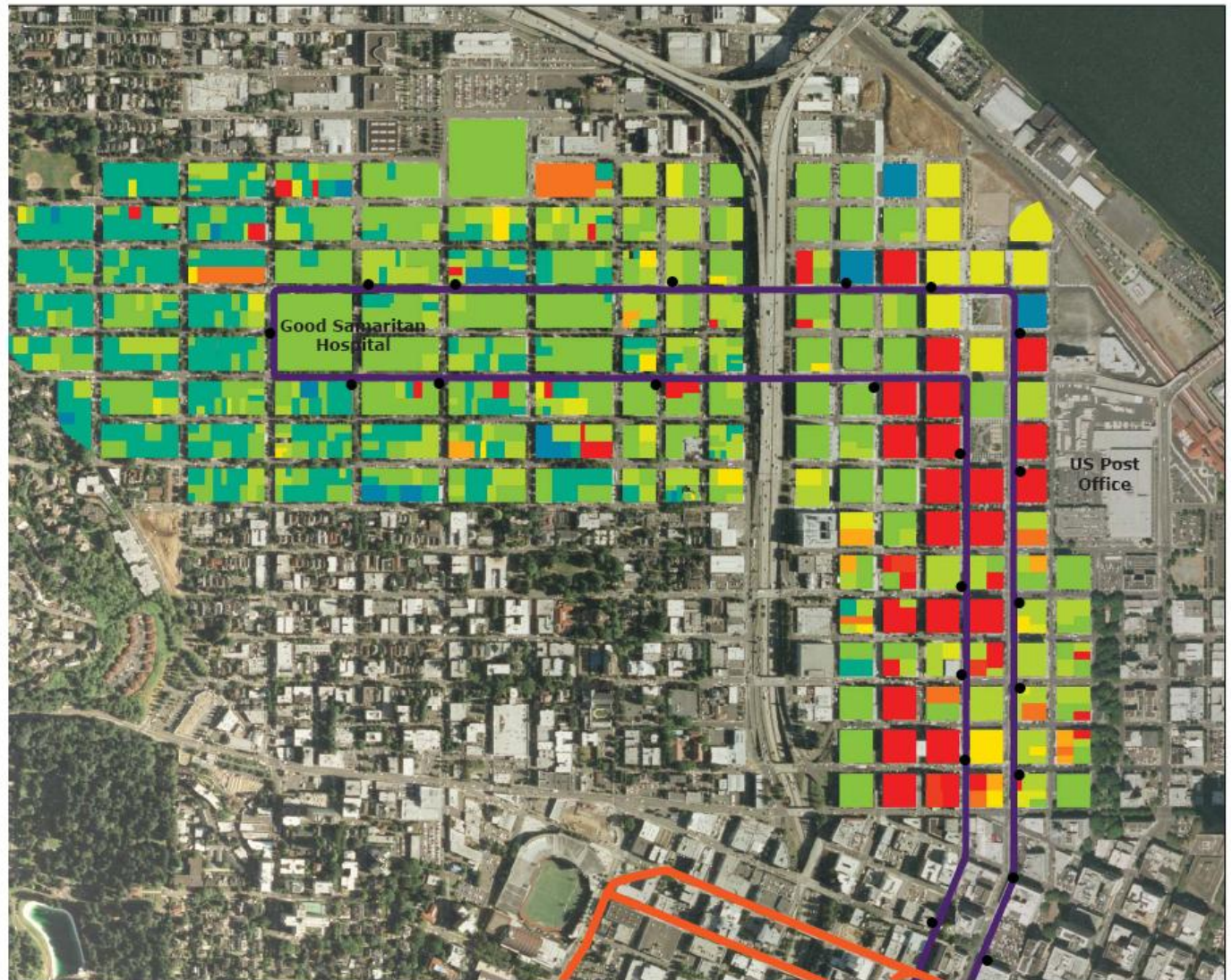
Portland Streetcar Property Value Change 1997-2003

Legend

- Streetcar Stop
- Streetcar Line
- MAX Light Rail

Percent Change 97-03

- < 0
- 0 - 50
- 50 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+



Original cost:\$54M

Catalyzed
Investment: \$3.8B

Multiplier: 74X

SOURCE: Reconnecting America

TOD

The Challenges of Transit Oriented Redevelopment

- 
- An aerial photograph of a city street grid is shown in the background. A semi-transparent white rectangular box is centered on the image, containing a bulleted list of challenges. The text is in a black, sans-serif font. The list includes six bullet points and a concluding arrow-pointed statement. The background map shows various street names and building footprints in a light, muted color palette.
- Multiple property owners with different interests
 - Difficult property acquisition / assembly
 - Local opposition to density
 - Cost / integration of structured parking
 - Often substantial infrastructure requirements
 - Environmental site issues need cleanup
- Long-term, complicated, often controversial requires collaboration between public and private sector

An aerial, slightly blurred photograph of a city street. A tram is visible on the street, and buildings line the sides. The image has a warm, yellowish tint.

I. Why Transit Oriented Development

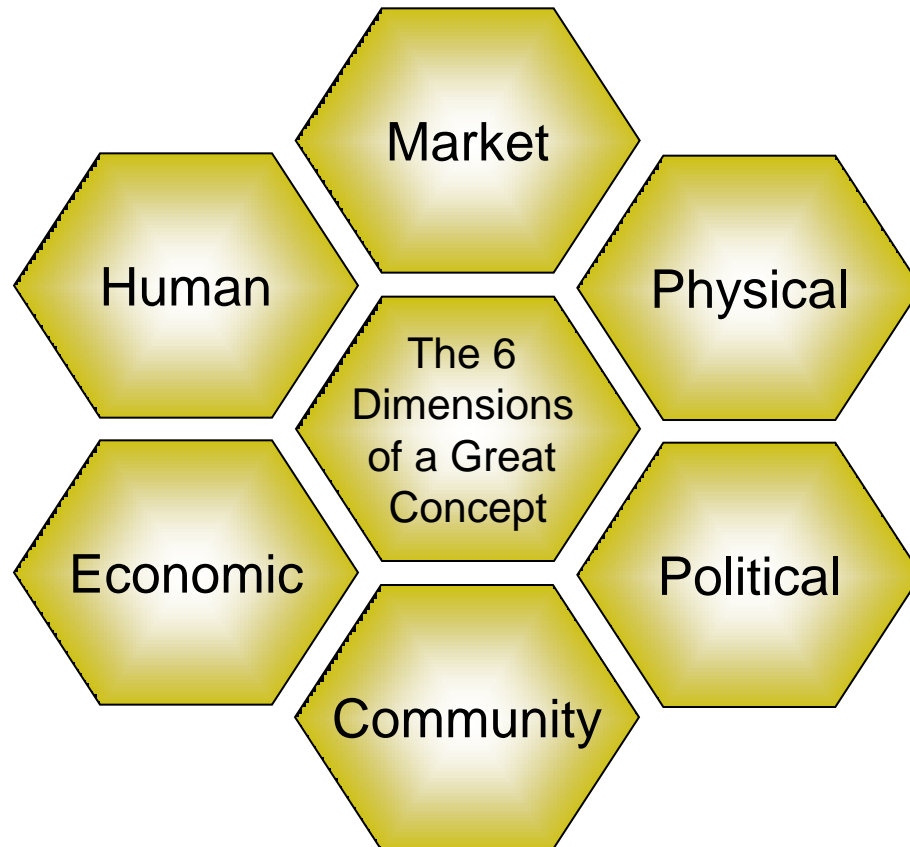
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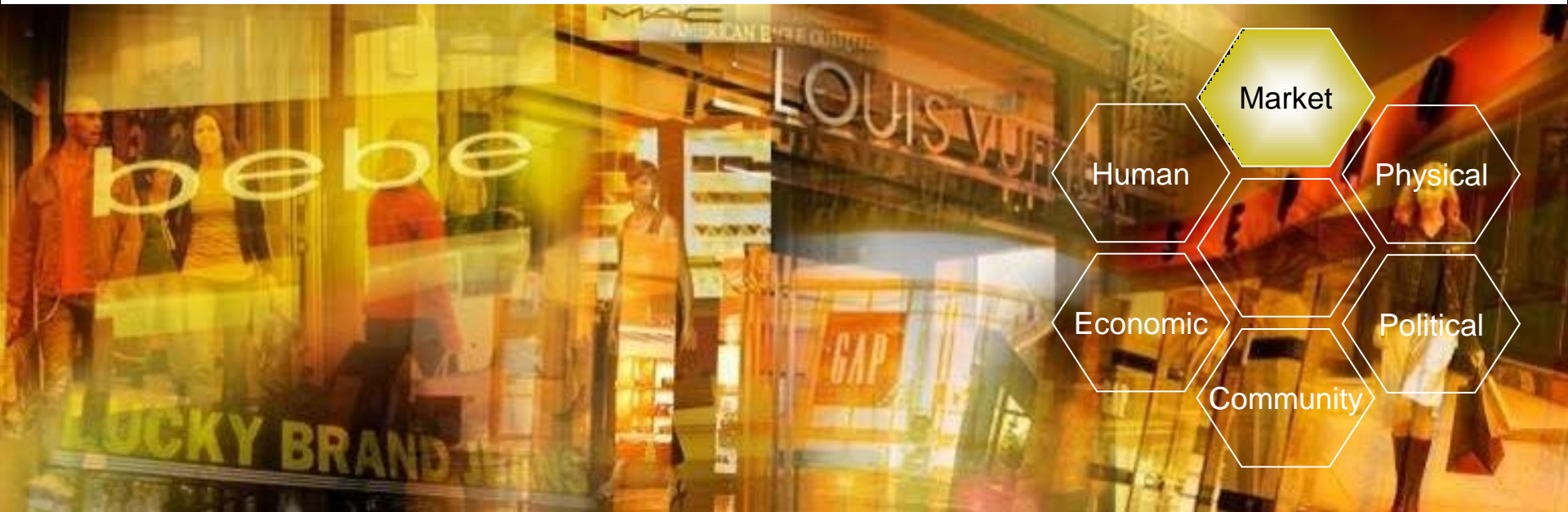
Hollywood and Highland

Six Dimensions of the Concept



Hollywood and Highland Market Support

- ▶ Local and Tourist Demographics
- ▶ Shortage of Quality Entertainment Retail
- ▶ Lack of Upscale Hospitality
- ▶ Demand for Major Entertainment Venue



Hollywood and Highland

The Physical Dimension

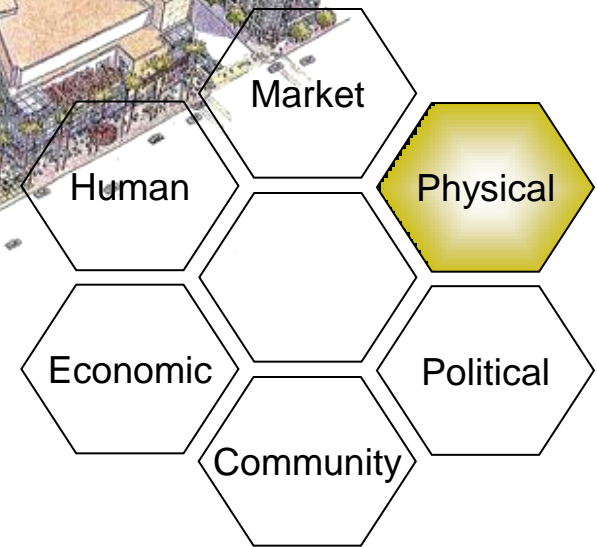
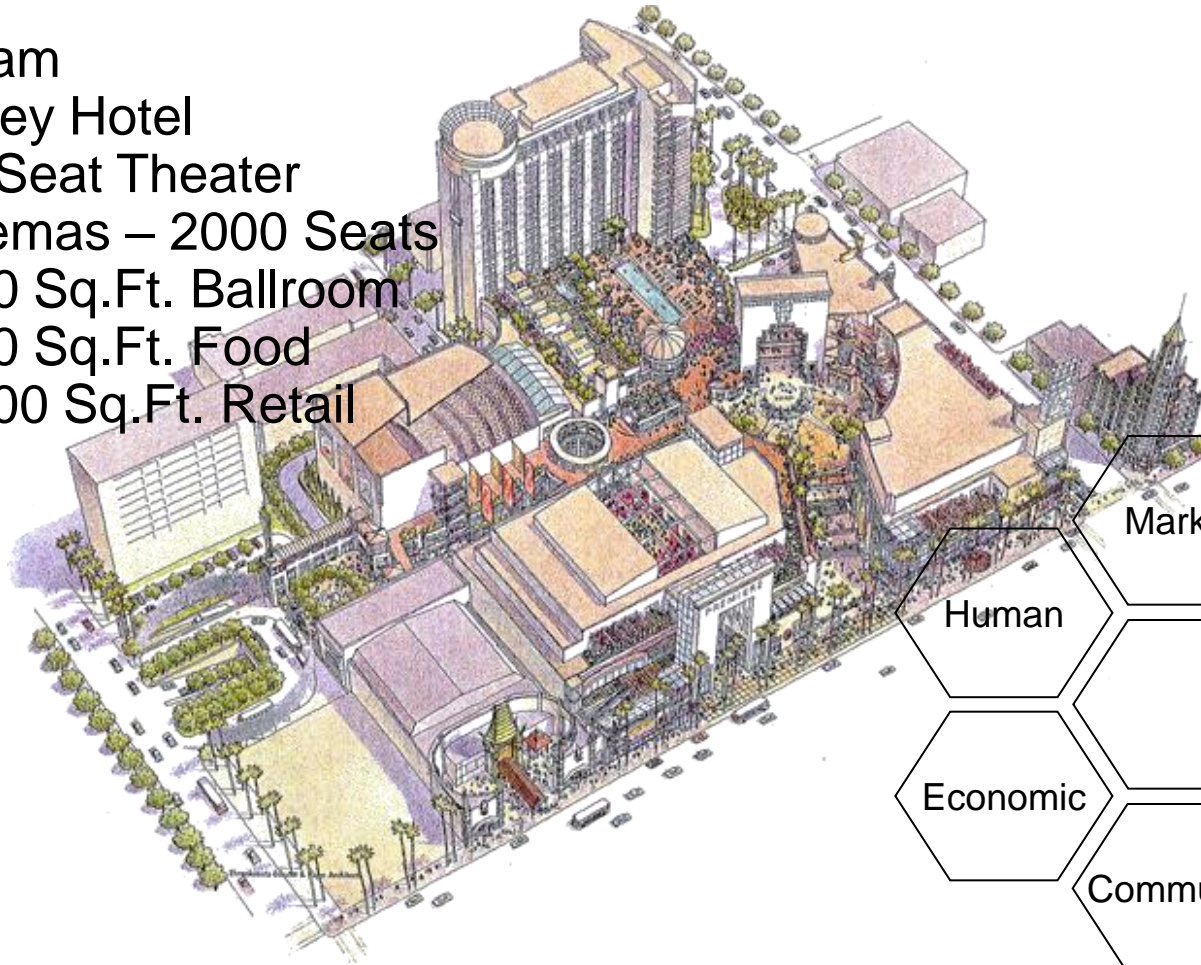
► Site



Hollywood and Highland

The Physical Dimension

- ▶ Program
- ▶ 630-Key Hotel
- ▶ 3600-Seat Theater
- ▶ 4 Cinemas – 2000 Seats
- ▶ 35,000 Sq.Ft. Ballroom
- ▶ 60,000 Sq.Ft. Food
- ▶ 180,000 Sq.Ft. Retail



Hollywood and Highland

Political Support

- ▶ The concept allowed the relevant public decision-makers to provide the necessary support.



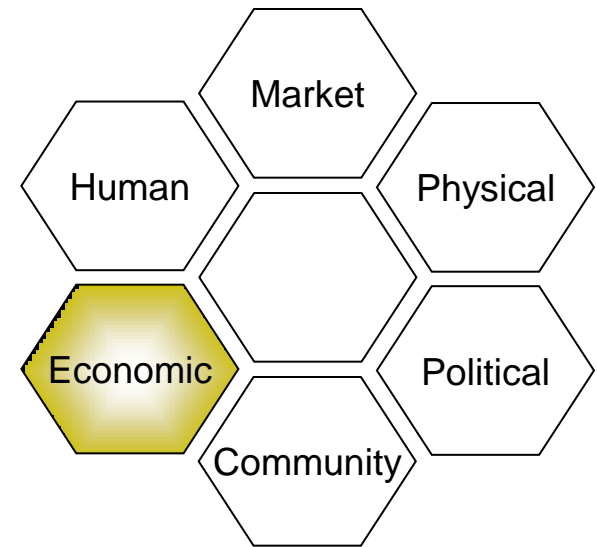
Hollywood and Highland Community Support

- ▶ The concept responded to need of the local community. Also, the negative impacts generated by the concept could be mitigated to a reasonable degree.



Hollywood and Highland Economic Feasibility

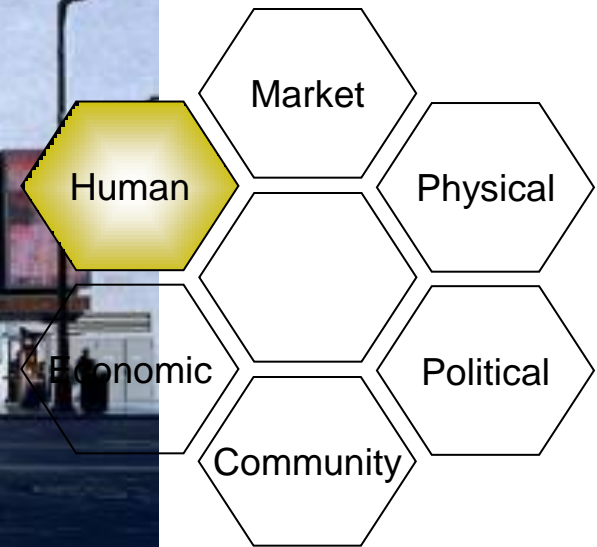
- ▶ The concept works from a business standpoint.



Hollywood and Highland

The Human Dimension

- ▶ The concept is exciting. It serves a purpose which is clear and compelling and is capable of motivating others.



An aerial, sepia-toned photograph of a city street. A tram is visible on the street, and buildings line the sides. The text of the presentation is overlaid on this image.

I. Why Transit Oriented Development

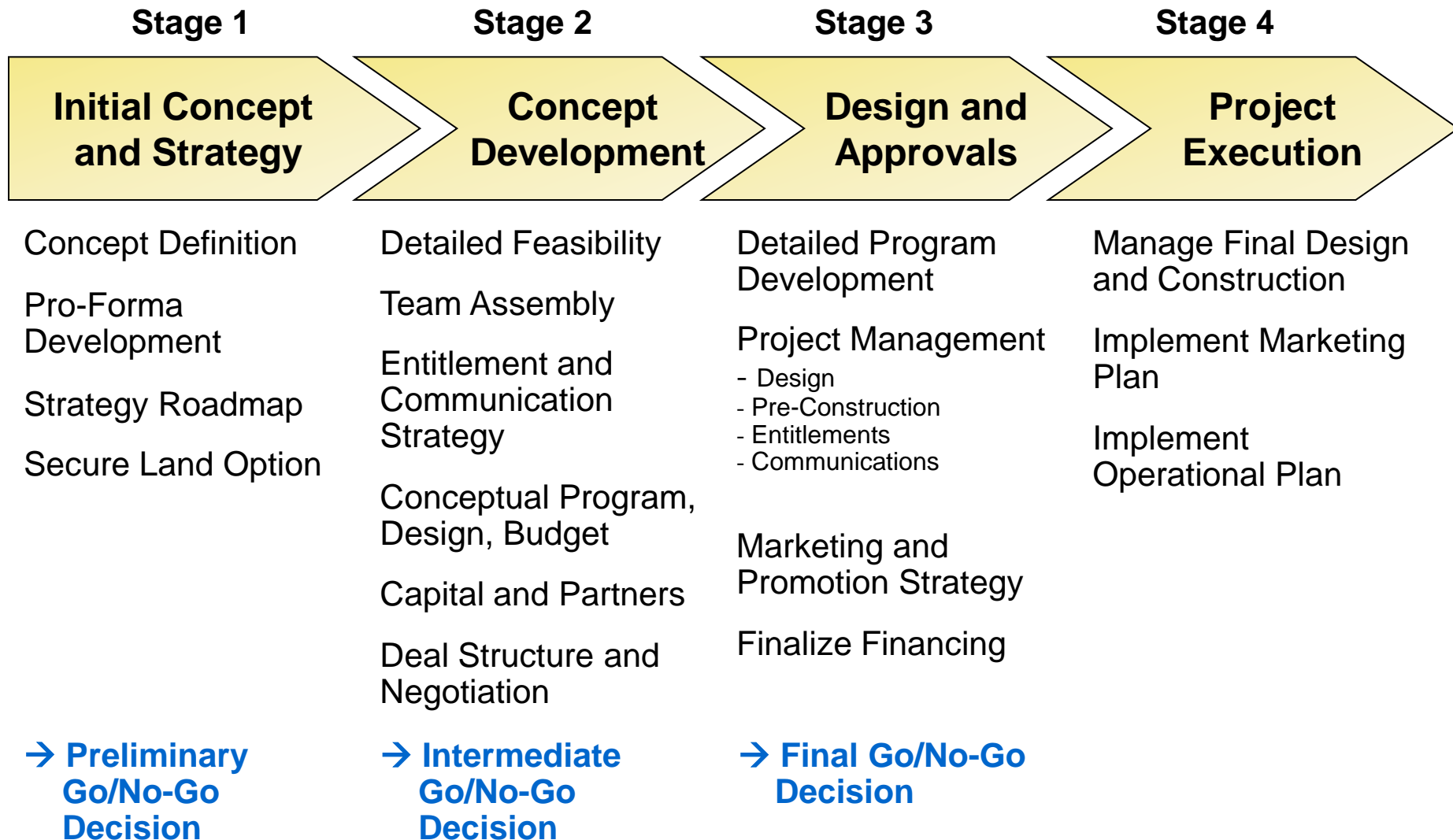
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The Development Process

Key Stages and Steps



Hollywood and Highland

Key Issues and Challenges

Stage 1

Initial Concept
and Strategy

Stage 2

Concept
Development

Stage 3

Design and
Approvals

Stage 4

Project
Execution

Land Control

- ▶ 7 Parcels
- ▶ Public and Private Owners
- ▶ Eminent Domain or Arm's Length



Hollywood and Highland

Key Issues and Challenges

Stage 1

Initial Concept
and Strategy

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Deal Structuring

- ▶ MTA
- ▶ CRA
- ▶ City of Los Angeles
- ▶ AMPAS



Hollywood and Highland

Key Issues and Challenges

Stage 1

Initial Concept
and Strategy

Stage 2

Concept
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Stage 3

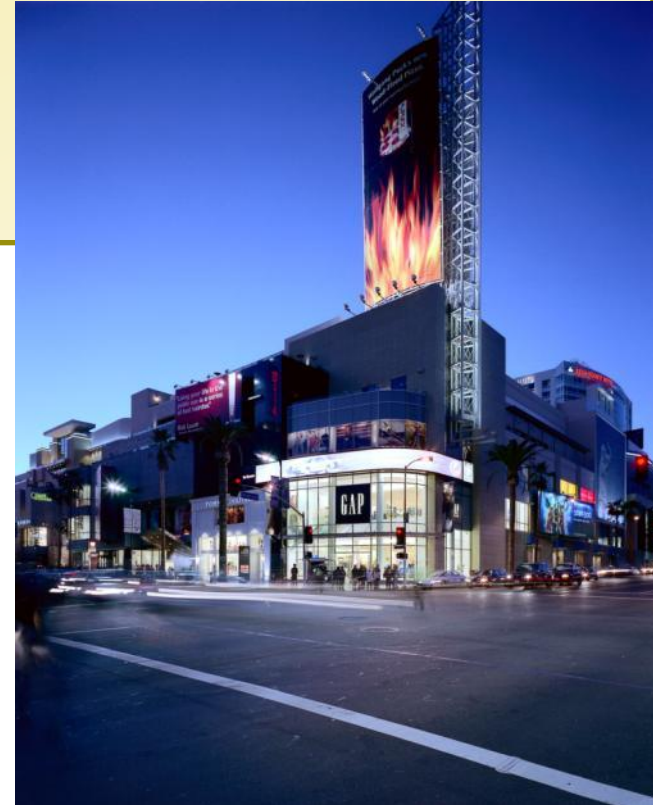
Design and
Approvals

Stage 4

Project
Execution

**Entitlements
Media &
Community Relations**

- ▶ Learning From Failure
- ▶ Size Matters
- ▶ Media: Managing Symbolism



Hollywood and Highland

Key Issues and Challenges

Stage 1

Initial Concept
and Strategy

Stage 2

Concept
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Stage 3

Design and
Approvals

Stage 4

Project
Execution

Design

- ▶ Managing with Multiple Designers
- ▶ Interfacing with Public Agencies



Hollywood and Highland

Key Issues and Challenges

Stage 1

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Development

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Design and
Approvals

Stage 4

Project
Execution

Financing

- ▶ Finding the Right Partner
- ▶ Structuring the Public Investment



Hollywood and Highland

Key Issues and Challenges

Stage 1

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and Strategy

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Stage 4

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Execution

Leasing

- ▶ “Entertainment Retail”
- ▶ Managing Multiple Business Lines



Hollywood and Highland

Key Issues and Challenges

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Design and
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Stage 4

Project
Execution

Construction

- ▶ Dealing with Adversity



Hollywood and Highland

Key Issues and Challenges

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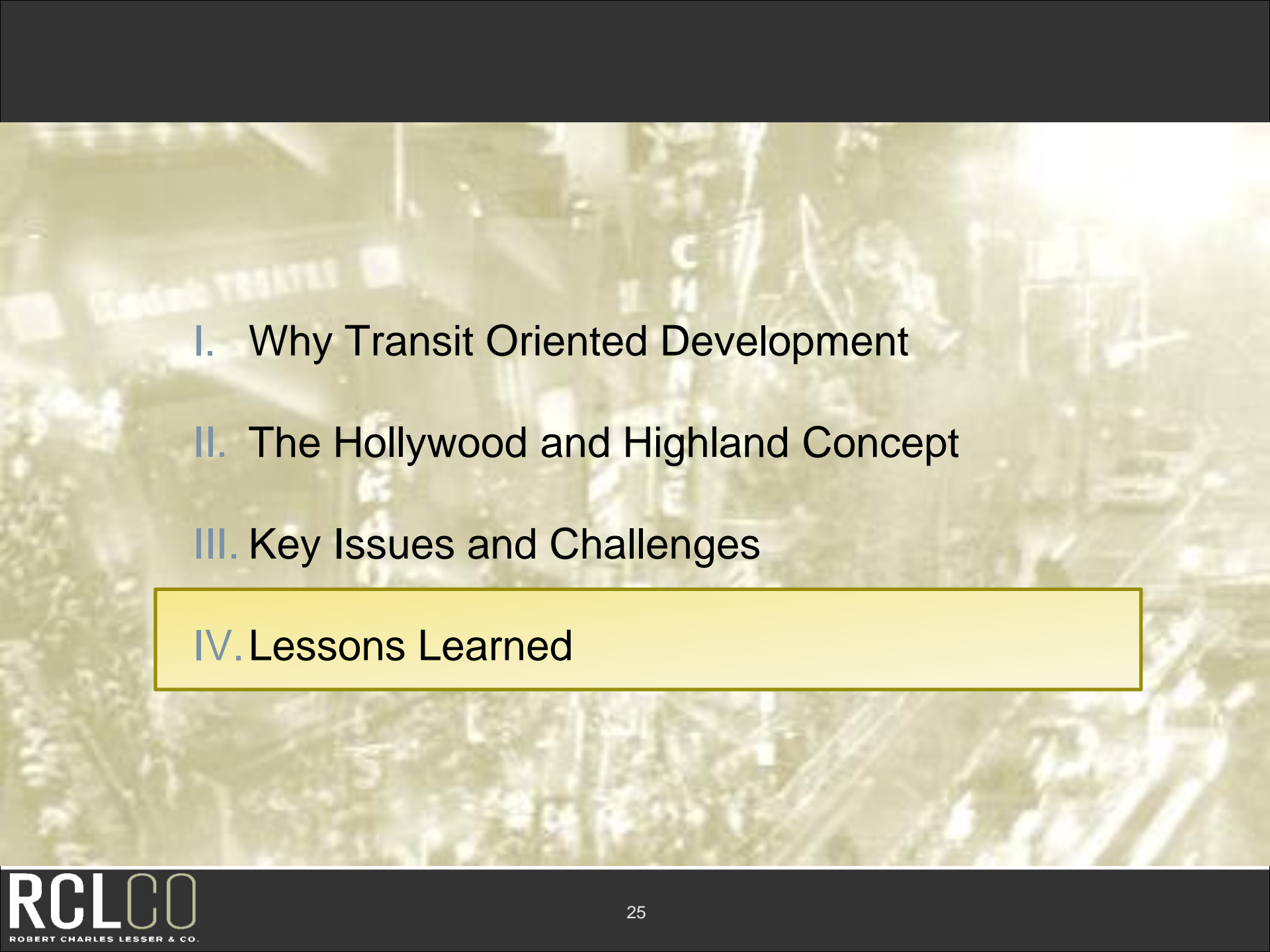
Stage 4

Project
Execution

Ownership

- ▶ Managing Owner Expectations



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- An aerial, sepia-toned photograph of a city street, likely Los Angeles, showing a tram on a track, buildings, and a sign that reads "LOS ANGELES TRANSIT".
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Hollywood and Highland

Lessons Learned

- ▶ Simplify
- ▶ Long-Term Perspective
- ▶ Parking
- ▶ Fast-Track Construction
- ▶ Multi-Level Retail

